

Insurers Leverage New Technologies and Reinvent Business Models to Reach Underserved Consumers, Report Finds

Washington, DC – January 8, 2018 – The Center for Financial Inclusion at Accion (CFI) and the Institute of International Finance (IIF), with the support of MetLife Foundation, today released a new report detailing the factors spurring inclusive insurance around the world. It reveals how both traditional and new insurers are breaking open new markets and reaching underserved customers through the use of innovative technologies, business models, product design, and partnerships, enabled by effective regulatory environments.

The report, "[Inclusive Insurance: Closing the Protection Gap for Emerging Customers](#)" is based on extensive interviews with commercial insurers and insurance experts who are making inclusive insurance work as a successful business model. With insights from players at the frontlines, the report identifies the main challenges of providing insurance to lower income populations, as well as the solutions companies are using to overcome them. For example, companies are:

- Using new distribution channels and aggregators – from telcos to farmer cooperatives – to identify and connect with low-income customers
- Implementing new business models and products to provide and administer the risk mitigation solutions that low-income customers need
- Deploying "insurtech" innovations and digital channels to connect with, and service, low-income customers

The market for inclusive insurance is vast, largely untapped, and potentially profitable. The confluence of rising incomes in emerging markets, and new technologies that reduce risk assessment and distribution costs, offer an opportunity for more insurers to meet the needs of the estimated 3.8 billion people who remain underserved or unserved.

"Even among people with very little disposable income, insurance can be a vital tool to manage financial risks and mitigate the effects of shocks," said Elisabeth Rhyne, Managing Director of the Center for Financial Inclusion at Accion. "Rising incomes around the world create new market opportunities, making long-term investment in inclusive insurance both profitable for insurers and meaningful in terms of social benefits."

The inclusive insurance strategies highlighted in the report include eliminating costly verification screenings to identify "exclusions," offering insurance policies without any fine print, triggering payouts based on verifiable events or data instead of claim submissions, and engineering more frequent payouts to consumers. The report also features examples of protective life and health insurance products designed to serve low-income customers, as well as newer products related to climate change, natural disasters, and food security.

"This report invites us to re-think the concept of insurance and its fundamental role in society. It is our hope that this report enables our diverse membership—particularly those financial institutions not yet

active in insurance—to leverage their expanding work with underserved customers to help close the insurance gap,” said Conan French, Senior Advisor for Innovation and Fintech at the Institute of International Finance.

The new report is part of a two-year initiative from CFI and the IIF, with support from MetLife Foundation, to help advance the financial services industry’s ability to reach unserved and underserved populations. The project, titled “[Mainstreaming Financial Inclusion: Best Practices](#),” facilitates learning and action on how financial institutions can respond to the specific challenges of reaching lower income market segments.

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About the Center for Financial Inclusion at Accion

The Center for Financial Inclusion at Accion (CFI) is an action-oriented think tank that engages and challenges the industry to better serve, protect and empower clients. We develop insights, advocate on behalf of clients and collaborate with stakeholders to achieve a comprehensive vision for financial inclusion. We are dedicated to enabling 3 billion people who are left out of – or poorly served by – the financial sector to improve their lives.

www.centerforfinancialinclusion.org

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About the Institute of International Finance

The Institute of International Finance is the global association of the financial industry, with close to 500 members from 70 countries. Its mission is to support the financial industry in the prudent management of risks; to develop sound industry practices; and to advocate for regulatory, financial and economic policies that are in the broad interests of its members and foster global financial stability and sustainable economic growth. IIF members include commercial and investment banks, asset managers, insurance companies, sovereign wealth funds, hedge funds, central banks and development banks. For more information visit www.iif.com.